

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

IN RE:  MIDAMERICAN ENERGY COMPANY	DOCKET NO. RPU-94-3
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**ORDER ALLOWING INCENTIVE GAS SUPPLY PROCUREMENT PLAN AWARD**

(Issued October 31, 2003)

On July 31, 2003, MidAmerican Energy Company (MidAmerican) filed its six-month report of the results of the Incentive Gas Supply Procurement Plan (IGSPP) with the Utilities Board (Board). The filing was identified as Docket No. RPU-94-3. The six-month period is November 2002 through April 2003. Depending upon the results, MidAmerican may earn a reward, which would be reflected in the November 2003 through April 2004 purchased gas adjustment factors.

On August 12, 2003, the Consumer Advocate Division of the Department of Justice (Consumer Advocate) filed a conditional objection to MidAmerican's IGSPP filing. On October 27, 2003, Consumer Advocate filed a withdrawal of the objection.

The IGSPP was originally approved in a "Final Decision and Order" issued on May 19, 1995, and an "Order Granting Rehearing In Part And Denying Rehearing In Part" issued June 30, 1995. The plan as originally approved consisted of four primary components in which actual gas supply costs were measured against

market-based benchmarks. The components are natural gas commodity costs, pipeline reservation costs, storage costs, and transportation costs.

On May 28, 1999, the IGSP was extended for a two-year period based upon a settlement between MidAmerican and Consumer Advocate. The settlement retained the mechanics of the plan, but changed the calculations of savings. An amendment to the settlement was approved by the Board on February 17, 2000.

On September 17, 2000, the Board extended the plan through October 2002, and on October 28, 2002, the Board extended the plan through October 2003.

The plan is designed to share savings between MidAmerican's shareholders and ratepayers. To continue to earn savings, MidAmerican must keep negotiating more favorable rates. Thus, the plan operates as an incentive for MidAmerican to continually improve its purchasing methods and practices. The results filed by MidAmerican on July 31, 2003, show that costs were below the benchmark. Based upon these results, MidAmerican is entitled to an award, which will be reflected as an IGSP factor. The Board finds that the IGSP factor should be added to the November 2003 through April 2004 purchased gas adjustment filings made by MidAmerican.

**IT IS THEREFORE ORDERED:**

MidAmerican Energy Company is allowed to add the IGSP factor from its July 31, 2003, filing to its purchased gas adjustment filings for November 2003 through April 2004.

**UTILITIES BOARD**

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper  
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 31<sup>st</sup> day of October, 2003.